

Message Text

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43

ACTION SS-25

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 4442

S E C R E T PARIS 27772

EXDIS

E.O. 11652: GDS

TAGS: PFOR, MILI, FR

SUBJECT: FRELOC CLAIM

1. BEGIN SUMMARY: FRENCH HAVE OFFERED \$100 MILLION OVER TEN YEARS TO SETTLE FRELOC CLAIM. WE BELIEVE \$100 MILLION IS PROBABLY BEST FIGURE WE CAN OBTAIN UNDER PRESENT CIRCUMSTANCES. IF THIS FIGURE MEETS WASHINGTON'S ASSESSMENT OF U.S. NEEDS, WE RECOMMEND IT BE ACCEPTED. WE RECOMMEND WE TEST FRENCH FLEXIBILITY ON SHORTENING TEN YEAR PAYMENT FORMULA. FRENCH APPARENTLY DESIRE SETTLE FRELOC ISSUE BEFORE MARTINIQUE SUMMIT. END SUMMARY.

2. AT REQUEST OF QUAI SECRETARY GENERAL DE COURCEL, CHARGE MET WITH HIM NOVEMBER 20 TO DISCUSS SUBJECT OF FRELOC CLAIM. RECALLING EARLIER EXCHANGES BETWEEN OUR TWO GOVERNMENTS ON THIS SUBJECT, DE COURCEL SAID THAT THE GOF IS READY TO PAY \$100 MILLION TO BRING THIS SUBJECT TO A CLOSE. HE ADDED THAT FRANCE CANNOT PAY \$100 MILLION IN ONE LUMLRSUM AND THEREFORE PROPOSES TO PHASE THE PAYMENTS OVER TEN YEARS.

3. IN RESPONSE TO CHARGE'S QUESTION WHETHER TEN-YEAR PAYMENT PERIOD COULD BE SHORTENED, DE COURCEL INDICATED THAT IF THIS ASPECT POSED PROBLEMS FOR USG, HE WOULD BE PREPARED REFER COUNTER-PROPOSAL TO APPROPRIATE AUTHORITIES (MINISTRY OF FINANCE).

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4. DE COURCEL ADDED THAT, IF AGREEMENT REACHED ON

FRENCH PROPOSAL, IT WOULD BE DESIRABLE ANNOUNCE AGREE-
MENT PUBLICLY BEFORE MARTINIQUE SUMMIT SO THAT FRELOC
CLAIM NEED NOT BURDEN THE AGENDA. DECOURCEL AGREED TO
THE CHARGE'S SUGGESTION THAT ANY EVENTUAL PUBLIC
ANNOUNCEMENT SHOULD BE CLOSELY COORDINATED.

5. DE COURCEL UNDERLINED THAT THE GOF'S NEW PROPOSAL
WAS COMPLETELY SEPARATE FROM THE BILATERAL CLAIM ISSUE
BETWEEN FRANCE AND CANADA AND THE MULTILATERAL CLAIM
ISSUE BETWEEN FRANCE AND NATO. HE SAID THAT THE FRENCH
WANTED TO SEE HOW THE FRELOC CLAIM WAS RESOLVED BEFORE
MAKING ANY MOVEMENT ON THE OTHER TWO CLAIMS. IN PASS-
ING, HE NOTED THAT THE CANADIAN CLAIM WAS MUCH SMALLER THAN
EITHER THE U.S. OR NATO CLAIMS, AND THE CANADIANS
HAVE NOT BEEN PUTTING MUCH PRESSURE ON THE FRENCH TO
RESOLVE THE ISSUE.

6. COMMENT: WE BELIEVE THAT TOTAL FIGURE OF \$100
MILLION PROPOSED BY DE COURCEL IS PROBABLY ABOUT
THE BEST THAT WE CAN EXPECT FROM THE GOF IN THE CURRENT
SITUATION. IF WASHINGTON BELIEVES THAT THIS AMOUNT
WOULD BE MANAGEABLE IN TERMS OF USG CONSIDERATIONS (E.G.,
CONGRESS), WE RECOMMEND THAT THE EMBASSY BE AUTHORIZED
TO RESPOND TO THE FRENCH THAT WE ACCEPT \$100 MILLION AS
AN AGREED FIGURE TO REPRESENT THE TOTAL AMOUNT TO BE
PAID BY THE GOF TO THE U.S. IN SETTLEMENT OF OUR
BILATERAL CLAIM. CONCERNING THE METHOD OF PAYMENT, WE
DO NOT KNOW HOW MUCH FLEXIBILITY THE FRENCH MIGHT BE
PREPARED TO SHOW ON THEIR PROPOSAL FOR PAYMENT OVER A
PERIOD OF TEN YEARS. HOWEVER, WE RECOMMEND WE BE
INSTRUCTED TO RESPOND THAT THE U.S. GOVERNMENT PROPOSES
A SOMEWHAT SHORTER PERIOD (E.G., FIVE YEARS). WE HOPE
DEPARTMENT WILL AGREE, THAT SATISFACTORY RESO-
LUTION TO FRELOC CLAIM ISSUE SHOULD NOT BE MADE
RIGIDLY DEPENDENT ON SHORTER PERIOD OF PAYMENT THAN
SUGGESTED BY GOF. IF DEPARTMENT AGREES WITH DE COURCEL'S
OPINION THAT IT WOULD BE BEST TO RESOLVE THE QUESTION OF
THE TOTAL SUM AND PERHAPS THE FORMULA FOR PAYMENT PRIOR
TO THE MARTINIQUE SUMMIT, IT WOULD BE DESIRABLE HAVE
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EARLIEST POSSIBLE RESPONSE. PROLONGED NEGOTIATIONS OVER
TOTAL SUM AND/OR METHOD OF PAYMENT COULD MEAN OF COURSE,
THAT SUBJECT WILL BE CARRIED OVER FOR POSSIBLE
DISCUSSION AT THE SUMMIT.
RUSH

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